

TOWN OF LONGBOAT KEY CONSOLIDATED RETIREMENT SYSTEM  
BOARD OF TRUSTEES QUARTERLY MEETING

MEETING MINUTES: May 19, 2023

**CALL TO ORDER**

Chairman Steve Branham called a meeting of the Board of Trustees for the Town of Longboat Key Consolidated Retirement System to order at 9:00 AM and called roll.

**Those persons present included:**

**TRUSTEES:**

Steve Branham, Chair  
Carolyn Brown  
Frank Cona  
David Gutridge  
Rabbi Kasdan  
Andy Sawyer  
Steve Schield  
Martin Sharkey

**OTHERS:**

David Wheeler & Theodore Loew,  
Investment Consultant (Graystone Consulting)  
Ron Cohen, Attorney (Lorium Law)  
Scott Baur, Administrator (Resource Centers)  
Doug Lozen, Actuary (Foster & Foster)

**Absent:**

Tom Batchelor (Excused)

All those present recited the Pledge of Allegiance.

**1. Public Comment**

No members of the public had any comment.

**2. Welcome: Trustee David Gutridge**

Savannah Cobb administered the oath of office to Mr. Gutridge on behalf of the Town Clerk's office. Mr. Gutridge introduced himself to the Board and provided a brief overview of his background.

**3. Approval of Minutes: February 17, 2023**

The Board reviewed the draft minutes for the quarterly meeting on February 17, 2023.

**Rabbi Kasdan made a motion to approve the minutes for the February 17, 2023 meeting as presented. The motion received a second from Frank Cona, approved by the Trustees 8-0.**

**4. Reports**

**Annual Valuation Report (Doug Lozen, Foster)**

Doug Lozen presented the October 1, 2022 annual valuation report. The valuation determines the Town contribution requirement. He reviewed changes to membership, noting decreasing

numbers of vested deferred members entitled to future pension benefits. The required Town contribution increased to \$2,864,063 for 2024 from \$2,515,982 in 2023. Mr. Lozen expects contributions to increase for the next several years as the Retirement System recognizes investment losses from 2022. The valuation report assumes that the assets will earn 7% per year, although the Board previously adopted a lower 6.75% return assumption for future valuation reports.

Mr. Lozen presented the required contribution as a percent of the overall Town budget. Plan assets increased while the liabilities for pension benefits slowly decreased. He further reviewed the funding history and projected contribution requirements, recommending that the Board consolidate and pay off future liabilities over 15 years. He also compared the history of returns to the Board assumed rate, noting that the 6.75 % future return assumption closely matches the 6.7% assumption used by the Florida Retirement System. The Board briefly considered the 6.75% investment return assumption.

**Rabbi Kasdan made a motion to approve the October 1, 2022 valuation report. The motion received a second from Carolyn Brown, approved by the Trustees 8-0.**

**David Guttridge made a motion to confirm that the Board expects to achieve a 6.75% return for the next year, the next several years, and the long term thereafter. The motion received a second from Steve Schield, approved by the Trustees 8-0.**

**Investment Report (David Wheeler & Theodore Loew, Graystone Consulting)**

Dave Wheeler reported that interest rates will likely continue to increase higher and for a longer period, despite speculation that the Federal Reserve Board might pause rate increases. He addressed recent bank failures and possible signs of a recession. While the economy has slowed, employment remains strong. Growth issues rebounded sharply during the March 31 quarter. Morgan Stanley believes that regional banks will remain sound. The firm continues to favor value stocks and foreign stocks.

The assets gained 4.1% for the March 31 quarter, compared to the 5.25% benchmark return. For the fiscal year to date the assets gained 10.07% compared to a return of 11.99% for the benchmark. The Retirement System currently has about \$1,000,000 in annual cash outflows. Mr. Wheeler reviewed the current asset allocation, in line with Investment Policy targets. The portfolio overweights value issues. Individual managers performed well for the quarter, although real estate holdings remain under pressure with higher interest rates. Mr. Wheeler explained the process for selection and evaluation of the investment managers.

Mr. Wheeler recommended rebalancing assets by reducing the Vanguard large cap value holding and the Vanguard large cap growth each by \$400,000, adding \$200,000 to the Lazard international fund and \$600,00 to Renaissance. The Retirement System still has a pending redemption in queue from American Realty; proceeds will go to the fixed income holdings when received.

**David Guttridge made a motion to approve the rebalancing recommendation. The motion received a second from Frank Cona, approved by the Trustees 8-0.**

Mr. Wheeler provided an asset allocation study, comparing the current allocation to various target allocations. He explained the efficient frontier, modeling various asset mixes by comparing returns to risk or volatility. He affirmed the long-term return expectations but advised that expectations for further returns do not increase substantially by adding risk. He then reviewed the Investment Policy Statement and recommended adding to the duration of the bond holdings by adjusting the benchmark.

The current investment portfolio complies with the parameters set in the Investment Policy. The Board considered the proposed change. While the adjustment to the benchmark should not require approval by the Town, the Board automatically files any changes to the Investment Policy with the Town.

**Peter Kasdan made a motion to approve the change to the Investment Policy. The motion received a second from David Gutridge, approved by the Trustees 8-0.**

**Attorney Report (Ron Cohen, Lorium Law)**

Mr. Cohen welcomed David Gutridge to the Board and introduced his role as Board counsel. He briefly explained the responsibilities and role of the Trustees, who serve as fiduciaries to the Retirement System. He also reviewed public records laws and Sunshine Law requirements in Florida. He further explained the provisions of Chapter 119 Florida Statutes related to the assets and practices of the Board. He emphasized the importance of education for Trustees, and he noted that prudent action for a fiduciary relies more on the process than the results.

Mr. Cohen then reviewed House Bill 3, recently passed by the Florida legislature. The new law requires the Board to consider only pecuniary factors when investing the Retirement System assets, rather than any Environmental, Social, or Governance (ESG) type considerations. The legislation will impose a new reporting requirement for the Retirement System by December 15, although the state has not yet released the details for the new report. New and amended manager agreements after July 1 will also include additional requirements.

Trustee Frank Cona departed the meeting due to a conflict.

**Administrator Report (Scott Baur, Resource Centers)**

Mr. Baur provided a new status sheet that summarizes the progress made by the Retirement System. He also answered questions about the death search process completed by First State, custodian for the Retirement System, to identify any deceased beneficiaries continuing to receive benefit payments. First State uses the Berwyn Group to periodically search the payment database for deceased members.

Mr. Baur reminded trustees to file the annual Form 1 financial disclosure by July 1 with the supervisor of elections for the county where each trustee resides.

Mr. Gutridge also had to depart the meeting.

**5. Plan Financials**

**Interim Financial Statement**

The Board received and reviewed the interim financial statement through March 31, 2023.

**Warrant: Approval Expenses**

The Board reviewed the Warrant for payment of expenses dated May 19, 2023, including reimbursements to Mr. Sharkey who attended the winter FPPTA Trustee School.

**Rabbi Kasdan made a motion to approve the Warrant dated May 19, 2023, for payment of expenses. The motion received a second from Martin Sharkey, approved by the Trustees 6-0.**

**Benefit Approvals**

The Board reviewed benefits for approval for Joann Nixon and Sandi Drake.

**Carolyn Brown made a motion to approve the benefits. The motion received a second from Steve Schield, approved by the Trustees 6-0.**

**6. New Business**

The Board reviewed current terms for service provider agreements. The term for the current actuary agreement ends in January 2024, with one additional 2-year extension available. The Board makes a recommendation to the Town regarding the service providers, while the Town does the procurement.

**Carolyn Brown made a motion to recommend to the Town to extend the actuary agreement for an additional 2-year term. The motion received a second from Steve Schield, approved by the Trustees 6-0.**

**7. Old Business**

The Board had no old business for consideration.

**8. Board Comments**

No Trustees had any further comments.

**9. Next Meeting**

The Board previously scheduled the next quarterly meeting for Friday, August 18, 2023 at 9:00 AM. Andy Sawyer noted in advance that he would be out of town for the meeting.

**10. Adjournment**

There being no further business, Chairman Branham adjourned the meeting at 12:08 PM.

Respectfully Submitted,



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Rabbi Kasdan, Board Secretary